



Agenda Item No. 2b

**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

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***Memorandum***

TO: Operations Committee

DATE: April 6, 2012

FR: Executive Director

W.I. 320-1221, 310-2700

RE: Clipper® Program Contract Actions:

- i. Contract Amendment – Customer Service Center/Transportation Kiosk at Embarcadero BART Station Operations: Nematode Holdings, LLC (\$500,000)
- ii. Contract Amendment – Customer Service Center/Bay Crossings at SF Ferry Building Operations: Nematode Holdings, LLC (\$200,000)
- iii. Funding Agreement Amendment – Customer Service Center at AC Transit Headquarters Operations: AC Transit (\$80,000)
- iv. Contract Change Order – Cardholder Support Service Level Standards: Cubic Transportation Systems Inc. (\$200,000/year)

**Clipper® Program Status Report**

Attachment 1 includes information about Clipper® system operations in February 2012. As shown in the attachment, weekday transaction volume now exceeds 600,000 transactions.

**Contract Actions**

Staff recommends that the Operations Committee authorize the Executive Director or his designee to negotiate and enter into the following contract actions. Items i-iii are requests for approval of amendments to existing agreements that support the operation of the Clipper® system. Item iv is a request for approval of a change order to add a new set of standards for cardholder support services to the Cubic contract, which will result in increased operating costs.

**i. Contract Amendment – Customer Service Center/Transportation Kiosk at Embarcadero BART Station Operations: Nematode Holdings, LLC (\$500,000)**

In October 2009, BATA entered into a competitively procured agreement with Nematode Holdings, LLC (“Nematode”) for transit support operations at a kiosk in the Embarcadero BART/Muni station. Subsequent contract amendments added to the scope of work, and BATA transferred management of the contract to MTC because the added work emphasized Clipper®.

The Embarcadero kiosk began offering in-person Clipper® customer service in January 2011, and it is now a top seller of Clipper® value each month.

The current contract in the amount of \$1,084,100 is set to expire on June 30, 2012, but the original Request for Proposal allows MTC the option to extend the contract for up to three one-year periods following the initial contract term. Staff recommends extending the current contract to June 30, 2013, at the current compensation rate of \$39,000 per month, to meet current

Clipper® customer service demands, subject to Commission approval of the FY 2012-13 agency budget.

**ii. Contract Amendment – Customer Service Center/Bay Crossings at SF Ferry Building Operations: Nematode Holdings, LLC (\$200,000)**

In January 2011, the Bay Crossings store at the San Francisco Ferry Building began offering expanded Clipper® customer services under a sole source contract with MTC. The sole source approval was based on the unique position of the Bay Crossings store as the only retail outlet in the Ferry Building providing transportation information to the public. The Bay Crossings store has been in operation since the Ferry Building re-opened in 2003. MTC anticipates that this location will play a key Clipper® customer service role during the current calendar year with the upcoming launch of Clipper® on Water Emergency Transportation Authority ferry services and the America's Cup World Series races in late summer and early fall.

Staff recommends amending this contract to extend the period of performance through June 30, 2013 at a cost of \$200,000, subject to Commission approval of the FY 2012-13 agency budget.

**iii. Funding Agreement Amendment – Customer Service Center at AC Transit Headquarters Operations: AC Transit (\$80,000)**

In June 2011, this Committee approved a \$250,000 funding agreement with AC Transit for the operation of an in-person Clipper® customer service center at AC Transit's existing customer service center at 1600 Franklin Street in Oakland. This location will offer the same Clipper® card services as are provided at the Clipper® customer service centers in San Francisco.

Implementation work is scheduled to be completed during April 2012.

The \$250,000 previously approved will allow MTC to compensate AC Transit during an initial 12-month performance period. Staff is requesting an additional \$80,000 to fund AC Transit's work through June 30, 2013, subject to Commission approval of the FY 2012-13 agency budget.

**iv. Contract Change Order – Cardholder Support Service Level Standards: Cubic Transportation Systems Inc. (\$200,000/year in increased operating costs)**

MTC has negotiated a new set of standards for cardholder support services with the Clipper® Contractor. Along with the new set of standards comes a new performance-based compensation arrangement.

Under the new arrangement, Cubic can earn a \$5,000/month bonus (up to a maximum of \$15,000/month) based on its above-standard performance on three of the new standards (telephone answer speed, refund processing, and e-mail and website inquiry responsiveness). Conversely, MTC can impose a \$10,000 penalty (up to a maximum of \$50,000/month) based on Cubic's below-standard performance on each of the above-mentioned three standards, plus standards on card fulfillment and website availability. Cubic will measure and report performance on five additional service level standards, but there will not be financial consequences associated with these standards.

The operating budget impact of these changes is potentially \$200,000/year.



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Steve Heminger

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**Attachment 1:**  
**Table 1: Summary of System Utilization**

	Last Month February 2012	Prior Month January 2012	Prior Year February 2011
<b>Transaction Volume</b>			
Average Number of Weekday Transactions	617,513	574,750	368,143
Fee-Generating Fare Payment Transactions (monthly total)	14,519,773	13,867,241	8,220,852
Fee-Generating Add Value & Refund Transactions (monthly total)	1,060,049	1,064,660	640,831
Total Fee-Generating Transactions	15,579,822	14,931,901	8,861,683
Unique Cards Used	533,592	519,820	347,217
Active Card Accounts	1,096,249	1,083,696	608,540
Percent of Registered Active Cards	45%	44%	47%
Settled Transit Operator Revenue	\$27,888,658	\$27,837,413	\$16,905,245
<b>Autoload Activity</b>			
Percent of Registered Cards with Autoload	39%	39%	44%
Autoload Transactions	250,046	242,195	155,670
<b>Call Volume</b>			
Customer Service Representative (CSR) Calls	29,055	34,443	35,874
CSR Calls per Unique Card Used	0.05	0.07	0.10
Help Desk Calls	786	861	1,252
<b>Website Traffic</b>			
Unique Visitors	132,862	147,607	114,547
Website Visits	191,747	218,077	171,684
Website Visits per Unique Card Used	0.36	0.42	0.49

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 320-1221

Contractor: Nematode Holdings, LLC  
San Francisco, CA

Project Title: Transportation Information Kiosk at Embarcadero BART Station

Purpose of Project: Provide in-person Clipper® customer service, such as card replacement and issuance of Senior and Youth cards, in addition to selling FasTrak® transponders, paper transit fare media and operate 511 Departure Times displays.

Brief Scope of Work: Contractor shall provide trained staff to support a range of Clipper® customer services using Clipper® equipment and backend systems through FY 2012-13.

Project Cost Not to Exceed: \$500,000 (this amendment)  
Total contract including amendments before this amendment = \$1,084,100  
Total authorized contract amount with this action = \$1,584,100

Funding Source: Regional Measure 2 Operating and Marketing

Fiscal Impact: Funds dependent on the approval of Regional Measure 2 Operating and Marketing funds in the FY 2012-13 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with Nematode Holdings, LLC for the purposes described herein and in the Executive Director's memorandum dated April 6, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$500,000 for such amendment, subject to the FY 2012-13 budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: April 13, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Amendment

Work Item No.: 320-1221

Contractor: Nematode Holdings, LLC  
San Francisco, CA

Project Title: Bay Crossings store operations

Purpose of Project: Provide in-person Clipper® customer service, such as card replacement and issuance of Senior and Youth cards, in addition to selling FasTrak® transponders, distributing MTC project materials and maintaining ferry schedule displays.

Brief Scope of Work: Contractor shall provide trained staff to support a range of Clipper® customer services using Clipper® equipment and backend systems through FY 2012-13.

Project Cost Not to Exceed: \$200,000 (this amendment)  
Total contract including amendments before this amendment = \$381,471  
Total authorized contract amount with this amendment = \$581,471

Funding Source: Regional Measure 2 Operating

Fiscal Impact: Funds dependent on the approval of Regional Measure 2 Operating and Marketing funds in the FY 2012-13 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with Nematode Holdings, LLC for the purposes described herein and in the Executive Director's memorandum dated April 6, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$200,000 for such amendment, subject to the FY 2012-13 agency budget approval process.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: April 13, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Funding Agreement Amendment

**Work Item No.:** 320-1221

**Agency:** AC Transit  
Oakland, CA

**Project Title:** In-Person Clipper® Customer Service Center

**Purpose of Project:** Provide Clipper® in-person customer service center in the East Bay

**Brief Scope of Work:** Implement Clipper® in-person customer service center at AC Transit's District Headquarters building located at 1600 Franklin St. in Oakland in FY 2012-13.

**Project Cost Not to Exceed:** \$80,000 (this amendment)  
Total funding agreement including amendments before this amendment = \$250,000  
Total authorized contract amount with this amendment = \$330,000

**Funding Source:** Regional Measure 2 Operating

**Fiscal Impact:** Funds dependent on the approval of Regional Measure 2 Operating funds in the FY 2012-13 agency budget and adoption of FY 2012-13 agency budget

**Motion by Committee:** That the Executive Director or his designee is authorized to negotiate and enter into a funding agreement amendment with AC Transit for the purposes described herein and in the Executive Director's memorandum dated April 6, 2012, and the Chief Financial Officer is authorized to set aside funds up to \$80,000 for such amendment, subject to the annual FY2012-13 budget approval process.

**Operations Committee:**

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Jake Mackenzie, Chair

**Approved:** Date: April 13, 2012

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Contract Change Order

Work Item No.: 320-1221 and 310-2700

Contractor: Cubic Transportation Systems, Inc.  
San Diego, CA

Project Title: Cardholder Support Service Level Standards

Purpose of Project: Maintain and improve the level of service provided by the Clipper® Service Bureau to Clipper® customers

Brief Scope of Work: Establish a new set of standards that measure Contractor's performance in its services to Clipper® customers, and fund bonuses potentially payable to Contractor based on its performance on certain standards

Project Cost Not to Exceed: \$200,000/year (potential operating cost increase)

Funding Source: STA, CMAQ

Fiscal Impact: Funds included in the FY 2011-12 agency budget. Funds for future FYs dependent upon adoption of agency operating budgets for those years.

Motion by Committee: That the Executive Director or his designee is authorized to negotiate and enter into a contract change order with Cubic Transportation Systems, Inc. for the purpose described herein and in the Executive Director's memorandum dated April 6, 2012 and the Chief Financial Officer is authorized to set aside funds up to \$200,000 per year for such contract change order.

Operations Committee:

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Jake Mackenzie, Chair

Approved:

Date: April 13, 2012



